

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 030233

ORIGIN EA-09

INFO OCT-01 ARA-06 EUR-12 IO-13 ISO-00 EB-08 INT-05 ITC-01

CIAE-00 DODE-00 PM-04 H-01 INR-07 L-03 NSAE-00 NSC-05

PA-01 PRS-01 SP-02 SS-15 USIA-06 AID-05 COME-00

FRB-03 TRSE-00 XMB-02 OPIC-03 CIEP-01 LAB-04 SIL-01

OMB-01 STR-04 CEA-01 /125 R

DRAFTED BY EA/IMS:WSSHEPARD:CCH

APPROVED BY EB - ASSISTANT SECRETARY KATZ

EB/ISM - MR. MILLER

EA - MR. HEGINBOTHAM

-----100341Z 118889 /70

P R 100221Z FEB 77

FM SECSTATE WASHDC

TO AMEMBASSY KUALA LUMPUR PRIORITY

INFO AMEMBASSY LONDON

AMEMBASSY LA PAZ

AMEMBASSY BANGKOK

AMEMBASSY JAKARTA

USMISSION GENEVA

LIMITED OFFICIAL USE STATE 030233

E.O. 11652: N/A

TAGS: EMIN, ITC, MY

SUBJECT: MALAYSIAN AMBASSADOR'S CALL ON ASSISTANT
SECRETARY KATZ

1. MALAYSIAN AMBASSADOR ZAIN CALLED ON ASSISTANT
SECRETARY KATZ FEBRUARY 3, INFORMING US THAT HE WAS
PROCEEDING TO BOLIVIA SHORTLY IN ORDER TO PREPARE THE
WAY FOR A VISIT THERE LATER THIS MONTH OF PRIMARY
INDUSTRIES MINISTER MUSA HITAM. HE NOTED THAT BOTH
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 030233

THE THAI AND INDONESIAN MINISTERS OF MINES WOULD BE
MEETING WITH MUSA HITAM PRIOR TO HIS TRIP. HE ASKED
WHETHER THERE WAS ANY "GIVE" IN THE U.S. POSITION ON
PRICES, WHICH MIGHT IN TURN INDUCE THE BOLIVIANS TO
RATIFY THE FIFTH ITA.

2. MR. KATZ RECALLED THAT THE U.S. HAD STAYED OUT OF

THE FIRST FOUR ITAS. WE HAD SIGNED AND RATIFIED THIS AGREEMENT, AND IT WAS IN EVERYBODY'S INTEREST FOR US TO PARTICIPATE. HE NOTED THAT IT WAS NOT HELPFUL FOR PROBLEMS TO BE ADDRESSED IN "CATAclySMIC" TERMS. THE BOLIVIANS HAD NOT JUSTIFIED THEIR PROPOSALS FOR AN INCREASE IN THE FLOOR PRICE OF TIN. INDEED THE VERY BASIS OF THEIR PRICING POSITION WAS UNSOUND. THEIR LEVEL OF INVESTMENT IN TIN MINING WAS INADEQUATE, AND

THEY WERE THE LEAST EFFICIENT PRODUCER. IN ADDITION TO THIS, THE BOLIVIAN PROPOSAL INCLUDED THEIR OWN EXPORT TAX AS A COST FACTOR. IN THIS COUNTRY, COMMODITY AGREEMENTS HAVE TO BE SOLD IN TERMS OF THEIR ECONOMIC SOUNDNESS, AND NOT AS AID PROGRAMS. MR. KATZ THEREFORE NOTED POTENTIAL DIFFICULTIES WITH THE SENATE SHOULD THE AGREEMENT COLLAPSE AND REQUIRE RENEGOTIATION AND RESUBMISSION. IT WOULD BE FAR BETTER FOR THE BOLIVIANS TO RATIFY THE AGREEMENT AND PURSUE THEIR POLICIES FROM WITHIN. THE PROBLEM NOW WAS THAT THE BOLIVIAN POSITION WAS A VERY EMOTIONAL ONE. ZAIN IMPLIED THAT THE MALAYSIANS WOULD SEARCH FOR SOME FACE SAVING GESTURE OR COMPROMISE, ALTHOUGH HE CANDIDLY NOTED THAT "WE DON'T SEE ONE YET".

3. AS MEETING CONCLUDED ZAIN GAVE ASSISTANT SECRETARY KATZ A COPY OF THE RUBBER PRICE STABILIZATION AGREEMENT SIGNED IN JAKARTA NOVEMBER 30. HE STRESSED THE IMPORTANCE OF RUBBER AND PRICE STABILIZATION TO MALAYSIA, NOTING THE MALAYSIAN SMALLHOLDERS WERE A "POLITICALLY VOLATILE FACTOR". HE SAID THAT THE STRUCTURE SET UP LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 030233

BY THE AGREEMENT WOULD BE ANALOGOUS TO THE ITA. PRICE RANGES WOULD BE DETERMINED BY THE COUNCIL ON THE BASIS OF COMPARABLE SYNTHETIC RUBBER PRICES AND COSTS OF NATURAL RUBBER PRODUCTION. IN RESPONSE TO MR. KATZ'S QUESTION, ZAIN HAD NO FURTHER VIEWS ON TYPES OF ASSOCIATE MEMBERSHIP THAT MIGHT EVENTUALLY BE POSSIBLE UNDER THE RUBBER AGREEMENT. MR. KATZ NOTED THAT THE UNCTAD PREPARATORY RUBBER CONSULTATION WHICH TOOK PLACE IN GENEVA JANUARY 17-21 HAD ALREADY BEEN AN OPPORTUNITY FOR PRELIMINARY VIEWS ON THE RUBBER AGREEMENT TO BE EXCHANGED.

4. MR. KATZ SAID IN RESPONSE TO AMBASSADOR ZAIN'S INQUIRY THAT HE WOULD LOOK FORWARD TO MEETING WITH MINISTER MUSA HITAM, WHO "HOPES TO COME THROUGH WASHINGTON" ON HIS WAY TO LA PAZ.

5. FOR KUALA LUMPUR: WE RECALL THAT DURING HIS SEPTEMBER 1975 TRIP HERE, MINISTER MUSA HITAM HELD MEETINGS WITH BOTH ASSISTANT SECRETARIES ENDERS AND

HABIB. WOULD APPRECIATE YOUR THOUGHTS ON APPROPRIATE
TALKING POINTS FOR EA MEETINGS, SHOULD SCHEDULES PERMIT.

VANCE

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: VISITS, MINING INDUSTRY
Control Number: n/a
Copy: SINGLE
Sent Date: 10-Feb-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE030233
Document Source: CORE
Document Unique ID: 00
Drafter: WSSHEPARD:CCH
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770047-0335
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770253/aaaabvgs.tel
Line Count: 120
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 404974c8-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 27-Dec-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3352607
Secure: OPEN
Status: NATIVE
Subject: MALAYSIAN AMBASSADOR'S CALL ON ASSISTANT SECRETARY KATZ
TAGS: EMIN, OTRA, MY, BL, ITC, (MUSA HITAM)
To: KUALA LUMPUR
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/404974c8-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009